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BEFORE THE ARIZONA CORPORAT

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

Arizona Corporation Commission
DOCKETED

JUN 27 2013

DOCKETED BY

NR

IN THE MATTER OF THE APPLICATION)
OF ARIZONA PUBLIC SERVICE)
COMPANY FOR APPROVAL OF REVISED)
RATE SCHEDULES EPR-2, EPR-6, AND E-)
56R.)

DOCKET NO. E-01345A-10-0249

DECISION NO. 73921

ORDER

Open Meeting
June 11 and 12, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company ("APS" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On February 19, 2013, APS filed an application for approval of revised rate rider schedules EPR-2, EPR-6, and E-56R. These schedules are considered riders because they are in addition to the customers' retail rate schedules. The proposed revisions to the rider schedules include refreshed purchase rates based on 2013 avoided cost values as well as language changes. There is no change in pricing other than updated avoided costs.

Schedule EPR-2 [Qualifying Facilities]

3. Schedule EPR-2 is available to Qualifying Facilities of 100 kW or less where partial requirements service is required from APS to meet customers' electric requirements. A Qualifying Facility ("QF") is a cogeneration or small power production facility which meets the requirements of 18 Code of Federal Regulations ("CFR") Chapter I, Part 292, Subpart B of the

1 Federal Energy Regulatory Commission ("FERC") Regulations.

2 4. Under Schedule EPR-2, sales of electricity to the customer are priced at the
3 customer's applicable retail rate schedule. When the customer's own generation facility produces
4 more electricity than the customer needs, APS buys the excess electricity each month at its avoided
5 cost. The purchase rates are differentiated by firm and non-firm power, on-peak and off-peak
6 times, and summer and winter seasons. Separate purchase rates are provided for customers on a 9
7 a.m. to 9 p.m. on-peak time-of-use ("TOU") rate schedule, a 12 p.m. to 7 p.m. TOU rate schedule,
8 and an 11 a.m. to 9 p.m. TOU rate schedule. Residential customers on standard rate schedules
9 receive the 12 p.m. to 7 p.m. TOU purchase rates. Other customers on standard rate schedules
10 receive the 11 a.m. to 9 p.m. TOU purchase rates.

11 5. APS' proposed revisions to Schedule EPR-2 include the following:

- 12 a. Schedule EPR-2 would be renamed Rate Rider Schedule EPR-2.
- 13 b. Rates for purchase of excess generation would be updated.
- 14 c. Though specified for QFs of 100 kW or less, the rates in the Rider could be
15 used as a basis to purchase energy from QFs greater than 100 kW. The
16 terms for such purchase would be in a special contract to be approved by the
17 Commission.
- 18 d. Residential customers on a TOU rate not specified in EPR-2 would receive
19 the 12 p.m. to 7 p.m. TOU purchase rates for excess generation. Non-
20 residential customers on a TOU rate not specified in EPR-2 would receive
21 the 11 a.m. to 9 p.m. TOU purchase rates. Excess generation during super
22 on-peak or shoulder-peak time periods in the retail rate would be considered
23 on-peak, and super-off-peak generation would be considered to be off-peak.
- 24 e. A definition for Qualifying Facility is added.
- 25 f. Bi-directional metering equipment would be required, and would be
26 provided at no cost to the customer. A bi-directional meter may not be
27 required if the generating capacity of the *Net Metering Facility* is less than
28 20 percent of the customer's lowest billing demand over the 12 months prior

to requesting enrollment in Schedule EPR-2, or as otherwise determined through available information, or if the customer agrees not to be compensated for excess generation.

6. Staff has reviewed APS' avoided cost data and finds the proposed purchase rates to be reasonable. Staff has recommended that the revised Rate Rider Schedule EPR-2 be approved, except that the reference to "Net Metering Facility" should be changed to "Qualifying Facility" in the new Metering section, page 3 of the Tariff. (Language as filed, to be replaced, is shown italicized in paragraph f. above.)

Rate Schedule EPR-6 [Net Metering]

7. Rate Schedule EPR-6 is available to any customer served by a retail rate schedule who has a Net Metering Facility as defined by A.A.C. R-14-2-2301. That definition is repeated in the tariff. When the customer's own generation facility produces more electricity than the customer needs, APS credits the customer for the excess kWh in subsequent billing periods. For the last billing period of each calendar year, APS pays a credit to the customer for any remaining excess generation balance at APS' avoided cost. The purchase rates are specified in EPR-6 and are differentiated by firm and non-firm power and by on-peak, off-peak, and total time periods. For TOU customers, excess generation credits are applied to the TOU periods in which the kWh were generated by the customer.

8. The current rates are as shown in the following table.

	Non-Firm				Firm		
	On-Peak	Off-Peak	Total		On-Peak	Off-Peak	Total
Annual Purchase Rates (¢/kWh)	6.590	5.963	6.187		7.714	6.172	6.722

9. A bi-directional meter is required, and is provided at no cost to the customer. A bi-directional meter may not be required if the generating capacity of the Net Metering Facility is less than 10 percent of the customer's lowest billing demand over the previous 12 months, or as otherwise determined through available information, and if the customer agrees not to net any excess generation on their monthly bill.

10. APS' proposed revisions to Rate Schedule EPR-6 include the following:

- a. Rate Schedule EPR-6 would be renamed Rate Rider Schedule EPR-6.
- b. Rates for purchase of remaining excess generation would be updated, as shown in the following table:

Annual Purchase Rates for Excess Generation

(¢/kWh)							
	Non-Firm Power				Firm Power		
	On-Peak	Off-Peak	Total		On-Peak	Off-Peak	Total
Time of Use rates	2.890	2.733			3.220	2.795	
Other rates			2.789				2.947

- c. Service at a single point where the generator is installed is specified.
- d. Off-peak and super off-peak periods may be combined for netting purposes. Similarly, a peak period may be combined with a super peak or shoulder period. Netting would occur from the lowest priced period first.
- e. The phrase (shown in bold italics) was added to the following sentence:
 "Excess Generation kWh credits will be applied to the time-of-use periods in which the kWh were generated by the customer ***and applied to all unbundled time-of-use charges.***"
- f. Total Connected Load ("TCL") is defined as the maximum potential demand measured or calculated at the service entrance. The Net Metering Facility must still be less than or equal to (" \leq ") 125% of TCL.
- g. Facility generating capacity is considered to be \leq 125% of TCL if it is any of the following:
 - (i) 30 kW or less;
 - (ii) \leq 125% of customer's previously billed maximum demand;
 - (iii) \leq 125% of specified contract demand;
 - (iv) \leq 125% of TCL as determined from certified, customer-supplied load information; or
 - (v) \leq the customer's service drop capability as determined by APS.

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h. The last sentence in the Metering paragraph would be reworded as follows:
“A bi-directional meter may not be required if the generating capacity of the Net Metering Facility is less than ~~2010~~ percent of the customer's lowest billing demand over the ~~previous~~ 12 months *prior to requesting enrollment in Schedule EPR-6*, or as otherwise determined by the Company through available information, ~~and or~~ if the customer agrees that they do not intend to net any Excess Generation on their monthly bill.”

11. Staff has reviewed APS' avoided cost data and finds the proposed purchase rates to be reasonable. Staff has recommended that the revised Rate Rider Schedule EPR-6 be approved, except that the proposed phrase shown in paragraph e. above should not be included. APS has not provided a satisfactory explanation about why the change would be beneficial.

Rate Schedule E-56 R [Renewable Self Generation]

12. Rate Schedule E-56 R is available to customers having solar/photovoltaic, wind, geothermal, biomass, and biogas generation of greater than 100 kW that is capable of providing all or a portion of the customer's power requirements. APS installs a bi-directional meter at the customer's expense. The customer enters into a standard Electric Supply/Purchase Agreement to establish the terms of sales to the customer and purchases from the customer.

13. The standard agreement provides for the following:

- a. Supplemental Service to augment power and energy supplied by the customer's generating facility, and
- b. Standby Service to back up power and energy supplied by the customer's generating facility.

14. Supplemental Service is priced according to the customer's applicable rate schedule. Standby Service is priced at the unbundled delivery demand and energy charges contained in the customer's applicable rate schedule.

15. Standby demand is determined by the 15-minute integrated demand recorded on the customer's generator meter at the time that the customer's supply meter registers its highest 15-minute integrated demand. The monthly charge for Standby Service consists of the unbundled

1 delivery demand and energy charges from the customer's applicable rate schedule.

2 16. Purchases from the customer are priced as shown on Schedule EPR-2 for seasonal
3 non-firm purchases.

4 17. Per Decision No. 70130, APS files the standard agreements with the Commission;
5 Staff reviews the agreements for compliance with Rate Schedule E-56 R; and, if in compliance
6 with the rate schedule, the agreements go into effect 30 days after the filing date. Rate Schedule
7 E-56 R had been Schedule SC-S until it was renamed in APS' last rate case.

8 18. APS' proposed revisions to Rate Schedule E-56 R include the following:

- 9 a. Rate Schedule E-56 R would be renamed Rate Rider Schedule E-56 R.
- 10 b. Instead of the standard agreement, the relevant terms would be included
11 directly in the rate schedule.
- 12 c. Availability for Schedule E-56 R would be for customers with a Qualifying
13 Renewable Facility. APS' Qualifying Renewable Facility is not
14 necessarily a FERC QF. The major difference is that a FERC QF can
15 include a fossil-fueled cogeneration facility, while APS' Qualifying
16 Renewable Facility is renewable only.
- 17 d. A Qualifying Renewable Facility is defined as a production facility that:
- 18 (i) Is operated by or on behalf of the participating customer and is located
19 on their premises;
- 20 (ii) Is intended primarily to provide part of or the customer's entire
21 requirement for electricity at the single point of electrical service where
22 the generator is installed;
- 23 (iii) Uses solar photovoltaic, wind, geothermal, biomass, or biogas
24 technology;
- 25 (iv) Has a nameplate capacity greater than 100 kW; and
- 26 (v) Is interconnected with and can operate in parallel and in phase with the
27 Company's existing distribution system.
- 28 e. Several definitions were added.

- 1 f. Supplemental Service would be provided at three phase at approximately
2 60 Hertz with a delivery voltage specified in an Electric Supply
3 Agreement.
- 4 g. For TOU customers, standby demand would be determined for the
5 applicable on-peak and off-peak periods.
- 6 h. If the applicable rate schedule does not have unbundled charges, Standby
7 Service would be based on the demand charge in the customer's retail rate
8 schedule less the unbundled transmission charge in Rate Schedule E-32 L.
- 9 i. Bi-directional metering equipment may not be required if the customer
10 cannot be served through a bi-directional meter, or if the generating
11 capacity of the Qualifying Renewable Facility is less than 20 percent of the
12 customer's lowest billing demand over the 12 months prior to seeking
13 enrollment in Rate Schedule E-56 R, or as otherwise determined through
14 available information, or if the customer agrees that they do not intend to
15 be compensated for any excess generation.
- 16 j. If the customer is not served with a bi-directional meter, APS would not
17 record or purchase excess generation.

18 19. Staff has recommended that the revised Rate Rider Schedule E-56 R be approved.

19 **Summary of Recommendations**

20 20. Staff has recommended that the revised Rate Rider Schedule EPR-2 be approved,
21 except that the reference to "Net Metering Facility" should be changed to "Qualifying Facility" in
22 the new Metering section.

23 21. Staff has recommended that the revised Rate Rider Schedule EPR-6 (with rates as
24 shown in the Table in Finding of Fact No. 10) be approved, except that the proposed phrase "and
25 applied to all unbundled time-of-use charges" not be included.

26 22. Staff has recommended that the revised Rate Rider Schedule E-56 R be approved.

27 23. Staff has further recommended that APS file tariffs consistent with the Decision in
28 this case within 15 days of the effective date of the Decision.

CONCLUSIONS OF LAW

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2 1. Arizona Public Service Company is an Arizona public service corporation within
3 the meaning of Article XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over APS and over the subject matter of the
5 application.

6 3. Approval of Revised Rate Rider Schedules EPR-2, EPR-6, and E56 R does not
7 constitute a rate increase as contemplated by A.R.S. Section 40-250.

8 4. The Commission, having reviewed the application and Staff's Memorandum dated
9 May 17, 2013, concludes that Revised Rate Rider Schedules EPR-2, EPR-6, and E56 R should be
10 approved as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Arizona Public Service Company's revised Rate Rider Schedules EPR-2, EPR-6, and E56 R be and hereby are approved as discussed in Findings of Facts Nos. 20-22.

IT IS FURTHER ORDERED that Arizona Public Service Company shall file revised tariffs consistent with this Decision with Docket Control, as a compliance matter to this docket, within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION
CHAIRMAN
COMMISSIONER
COMMISSIONER
COMMISSIONER
COMMISSIONER

IN WITNESS WHEREOF, I, Jodi Jerich Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 27th day of June, 2013.



Jodi Jerich
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JJP:sms\CHH

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